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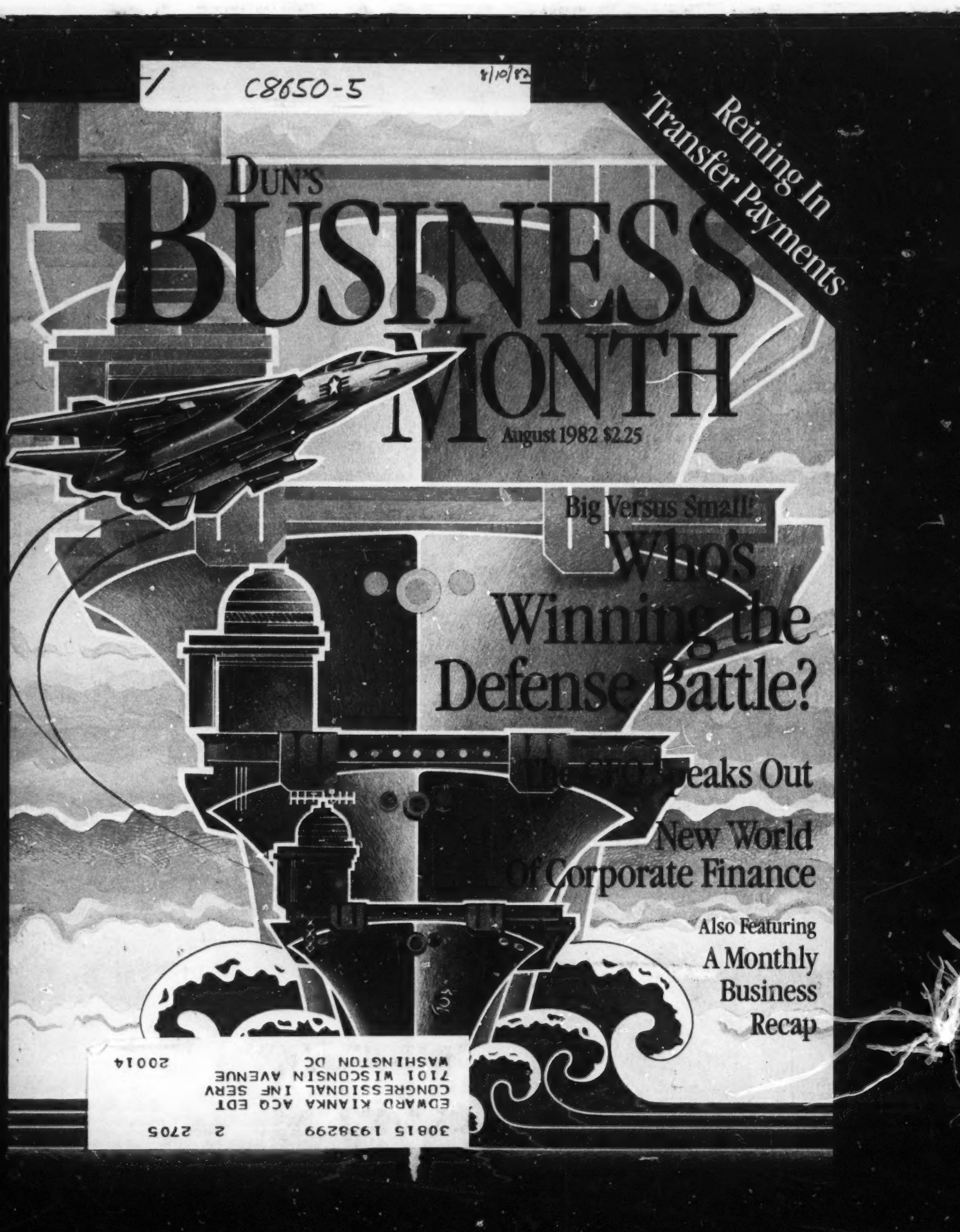

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tion. Its gains, Pappadio says, will stem from a pickup in business as the economy improves and increases in market share. XTRA, a more heavily leveraged play, is curtailing its capital spending dramatically, which could translate into an explosive earnings upsurge in a recovery, on top of sharply reduced interest costs.—A. H.

Boom in Resort Time-Sharing Lures New Players

The popularity of resort time-sharing —that is, buying an interest in a vacation condominium, usually for one or two weeks a year—has produced a booming business. Sales of time-sharing condominiums should total $1.5 billion this year, up 15% from last year and almost double 1980 sales.

To be sure, the industry's reputation has already been tainted by highly publicized reports about fast-talking hustlers who are expert at peddling shoddy time-sharing properties to unsuspecting buyers. Nevertheless, the business has attracted reputable Wall Street and real-estate companies. For example, Merrill Lynch, in an industry first, is selling time-share units of the Tennis Club in Palm Springs, California, through its retail stock brokers.

Moreover, for investors who want another way to jump on the bandwagon, there are now a handful of public companies heavily involved in resort time-sharing. Most of them are small and relatively risky investments. But if a company is well run, says industry consultant George I. David, president of The David Timeshare Group, the economics that make resort time-sharing attractive for developers can trickle down to the investor.

As David explains, a condo that costs $80,000 to build might go for $125,000 if sold to an individual on a conventional basis, earning the developer an 8%-to-15% profit margin. But that same condo sold on a time-sharing basis could sell for $275,000 (fifty weeks at an average price of $5,500 a week). And even though the marketing costs of the time-share unit well exceed those for a conventional sale, he says, the developer's profit margin is still at least 12%-to-20%.

For investors who want to buy stock in a time-sharing company, David offers some guidelines to determine how well it is run. Strong management is the most critical element. Because the company is dealing with so many prospects, buyers and contracts in a project, he says, management control is vital to making profits. In addition, the company should be involved in a project from beginning to end. This means that it builds the project, sells it and manages it.

The management role is crucial because most time-sharing units are financed, not bought for cash. "If the property is mismanaged, people often refuse to pay," David says, "and profits that might be earned today become major losses in four years."

David also suggests taking a look at marketing costs. "Obviously," he notes, "the lower, the better."

Among the public companies, the largest by far is Little Rock, Arkansas' Fairfield Communities, traded on the American Stock Exchange. A home builder and land sales company, Fairfield got into the time-share business in 1978, and currently has seven projects in five Sun Belt states.

Resort and Urban Timeshare, known as RUTI, claims to be the only public company created expressly to sell resort time-sharing. Traded over-the-counter and on the Boston Stock Exchange, it recently aroused investor interest with the announcement that it will acquire Sweetwater, a private company with eighteen projects throughout the West.

Another tiny over-the-counter company is Miami's Investex, which ventured into time-sharing last year with the Marathon Key Beach Club in Florida. Now under construction, Marathon is slated to have 180 units and generate sales of $75 million.

—MARJORIE SIEGEL LYONS

INVESTMENT UPDATE

Here's the current status of a number of investments, and a look at how they have fared over the past month and the past year.

INVESTMENT	(6/30/82) Recent Price or Yield	Value of $10,000 if Invested: Month Earlier	Year Earlier
Common Stock (Index fund, capital gains and dividends reinvested)	$13.99/share	$ 9,840	$ 8,869
per cent change		−1.6%	−11.3%
Bonds (30-yr., 11¾% Treasury Bond)			
MARKET VALUE	$85.25	$ 9,653	$ 9,620
ACCUMULATED INCOME		$ 111	$ 1,105
TOTAL		$ 9,764	$10,725
per cent change		−2.4%	+7.3%
Money Market Fund	13.08%	$10,109	$11,389
per cent change		+1.1%	+13.9%
Gold (Krugerrands)	$331/oz.	$ 9,791	$ 7,788
per cent change		−2.1%	−22.1%
HOUSE PRICES	**Recent**	**Month Earlier**	**Year Earlier**
Existing House	$71,500	$69,300	$70,800
per cent change		+3.2%	+1.0%
New House	$88,900	$ 86,400	$94,100
per cent change		+2.9%	−5.5%

Sources: Vanguard Group Inc.; Salomon Brothers; Donoghue's Money Fund Report; Dean Witter Reynolds Inc.; Federal Home Loan Bank Board.